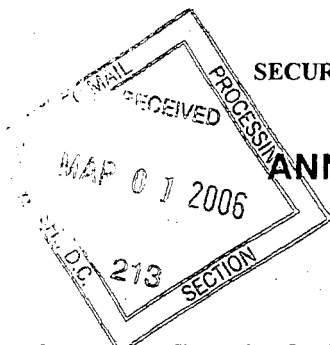




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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

AB 4/19 \*

OMB APPROVAL	
OMB Number:	3235-0123
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SEC FILE NUMBER
8-51974

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING JANUARY 1, 2005 AND ENDING DECEMBER 31, 2005  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **BRUDERMAN BROTHERS, INC.**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

8 HAVEN AVENUE, SUITE 226

(No. and Street)

PORT WASHINGTON

(City)

NY

(State)

11050

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

MATTHEW J. BRUDERMAN(516) 767-3515

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

MARCUM & KLIEGMAN LLP

(Name - if individual, state last, first, middle name)

655 THIRD AVENUE

(Address)

NEW YORK

(City)

NY

(State)

10017**PROCESSED**

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**MAY 18 2006****THOMSON  
FINANCIAL****FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, MATTHEW J. BRUDERMAN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BRUDERMAN BROTHERS, INC., as of DECEMBER 31, 2005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

VINCENT PAOLUCCI  
NOTARY PUBLIC, State of New York  
No. 4725761  
Qualified in Nassau County  
Commission Expires May 31, 2006

Notary Public

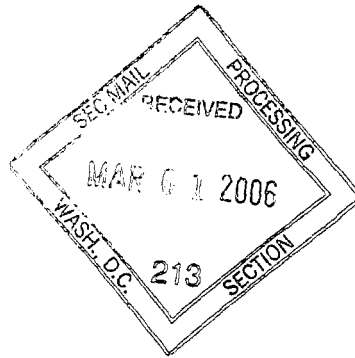
Signature

Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



BRUDERMAN BROTHERS, INC.

STATEMENT OF FINANCIAL CONDITION

December 31, 2005

# BRUDERMAN BROTHERS, INC.

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**Marcum & Kliegman LLP**  
Certified Public Accountants & Consultants  
A Limited Liability Partnership Consisting of Professional Corporations

INDEPENDENT AUDITORS' REPORT

To the Stockholder of  
Bruderman Brothers, Inc.

We have audited the accompanying statement of financial condition of Bruderman Brothers, Inc. (the "Company") as of December 31, 2005 you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Bruderman Brothers, Inc. as of December 31, 2005 in conformity with accounting principles generally accepted in the United States of America.

*Marcum & Kliegman LLP*

New York, New York  
February 23, 2006

# BRUDERMAN BROTHERS, INC.

## STATEMENT OF FINANCIAL CONDITION

December 31, 2005

### ASSETS

Cash	\$	8,434
Marketable security		10,554
Deposits		<u>548</u>

TOTAL ASSETS \$ 19,536

### LIABILITIES AND STOCKHOLDER'S EQUITY

#### LIABILITIES

Due to stockholder	\$	<u>3,000</u>
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TOTAL LIABILITIES \$ 3,000

#### STOCKHOLDER'S EQUITY

Common stock par value \$0.01; 200 shares authorized; 100 shares issued and outstanding		1
Additional paid-in capital		50,020
Accumulated deficit		<u>(33,485)</u>

TOTAL STOCKHOLDER'S EQUITY 16,536

TOTAL LIABILITIES AND STOCKHOLDER'S  
EQUITY \$ 19,536

*The accompanying notes are an integral part of this financial statement.*

# BRUDERMAN BROTHERS, INC.

## NOTES TO FINANCIAL STATEMENT

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### NOTE 1 - Summary of Significant Accounting Policies

#### Nature of Business

Bruderman Brothers, Inc. (the "Company") was incorporated in New York State in January 1996. In February of 2000, the Company became a broker and dealer in securities that is registered with the Securities and Exchange Commission ("SEC") and the National Association of Securities Dealers, Inc. ("NASD"). The Company is exempt from rule 15c3-3 of the Securities Exchange Act of 1934.

The Company assists companies seeking to raise debt and equity financing.

#### Marketable Security

The marketable security is valued at the closing price on the last day of the year.

#### Income Taxes

The stockholder of the Company elected that the Company be taxed under the provisions of Subchapter "S" of the Internal Revenue Code and the appropriate sections of the New York State Franchise Tax Act. Under those provisions, the Company does not pay federal or state corporate income taxes. The stockholder is liable for individual federal and state income taxes on the Company's taxable income.

#### Use of Estimates

The preparation of a financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement. Actual results could differ from those estimates.

#### Concentration of Credit Risk- Cash

The Company maintains cash balances in one financial institution. The balance is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$100,000. At times, the amount may exceed FDIC limits. At December 31, 2005, the Company's cash balance did not exceed this limit.

### NOTE 2 - Marketable Security

At December 31, 2005, the marketable security consisted entirely of 300 shares of common stock in The NASDAQ Stock Market, Inc.

# BRUDERMAN BROTHERS, INC.

## NOTES TO FINANCIAL STATEMENT

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### NOTE 3 - Related Party Transactions

#### Due from Affiliate and Loan Receivable from Stockholder

During February 2005, the Company reclassified the amount of \$52,774 due from an affiliated entity owned by the Company's stockholder to loan receivable from stockholder.

On February 24, 2005, the Company provided notification to the SEC and NASD of a distribution of \$365,185 for which the entire amount is related to the extinguishment of the loan receivable from the stockholder. The remaining balance of the loan receivable from the stockholder of \$12,089 was repaid during January and February 2005. The loan was non-interest bearing for the period it was outstanding.

#### Due to Stockholder

During 2005, the stockholder advanced \$3,000 to the Company. The amount is non-interest bearing and has no specific repayment date.

### NOTE 4 - Regulatory Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2005, the Company's net capital amounted to \$14,405 which was \$9,405, in excess of its required net capital of \$5,000. The Company's net capital ratio was .21 to 1 at December 31, 2005.